

## Change Record Detail With Description

### Department of Revenue

**Scenario:** FY2010 Supplemental (7955)  
**Component:** Treasury Division (121)  
**RDU:** Taxation and Treasury (510)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	PFT	Positions PPT	NP
FY2010 Supplemental												
Investment Officer Position to Replace External Investment Manager												
	Suppl	50.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0
1007 I/A Rcpts		50.0										
This request, if approved, will establish partial year funding of \$50.0 for one new exempt investment officer position in the Treasury Division's portfolio section. Exempt investment officers are authorized by AS 39.25.110(26). Funding for this position will come from inter-agency receipts paid from the pension funds managed by the Alaska Retirement Management Board (ARMB) and invested by the Treasury Division. The full annual cost of the position is estimated to be \$220.0.												
This new position would support an internal effort to begin active management of other public market investments. Opportunities currently exist to provide active emerging market equity investment management through the use of exchange traded funds (ETF). ETFs are very attractive as investments because of their low costs, and stock-like features. ETFs have an embedded cost of approximately 58 basis points versus 100 basis points for management fees by external investment mangers. The 42 point difference represents a potential savings to the State by using an in-house investment officer in making the asset allocation decisions.												
Approval of this request and related funding in the Alaska Retirement Management Board (ARMB) component will enable the department to reduce external investment manager fees in the ARMB Custody and Management Fee component.												
Constitutional Budget Reserve Fund Investment Management												
	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1001 CBR Fund		-1,673.0										
1004 Gen Fund		1,673.0										
Section 27(c), ch. 12, SLA 2009, is amended to read: (c) The sum of \$1,673,000 is appropriated from the general fund [budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska)] to the Department of Revenue, treasury division, for operating costs related to management of the budget reserve fund for the fiscal year ending June 30, 2010.												
Component Totals		50.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0	0

**Change Record Detail With Description**  
**Department of Revenue**

**Scenario:** FY2010 Supplemental (7955)  
**Component:** Alaska Retirement Management Board (2813)  
**RDU:** Taxation and Treasury (510)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Funding for New Investment Officer Position												
	Suppl	50.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0	0	0
1017 Ben Sys		8.8										
1029 P/E Retire		28.3										
1034 Teach Ret		12.5										
1042 Jud Retire		0.3										
1045 Nat Guard		0.1										
This action increases funding in the Alaska Retirement Management Board (ARMB) component to fund one new investment officer position provided by the Treasury Division. Approval of the new position and this funding request will enable the department to reduce external investment manager fees in the ARMB Custody and Management Fee component.												
Component Totals		50.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0	0	0

## Change Record Detail With Description

### Department of Revenue

**Scenario:** FY2010 Supplemental (7955)  
**Component:** Alaska Retirement Management Board Custody and Management Fees (2812)  
**RDU:** Taxation and Treasury (510)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Replace External Investment Manager with New Investment Officer Position												
	Suppl	-850.0	0.0	0.0	-850.0	0.0	0.0	0.0	0.0	0	0	0
1029 P/E Retire		-584.6										
1034 Teach Ret		-256.3										
1042 Jud Retire		-7.1										
1045 Nat Guard		-2.0										
A decrement in expenditure authorization is requested for FY2010 to reflect a decline in management fees resulting from a reduction in actively managed large cap publicly traded stocks as well as a decrease in management fees resulting from manager terminations due to organizational and performance issues and renegotiated contracts at a lower rate.												
If this request is approved Treasury would, with the approval of the Alaska Retirement Management Board, begin investing in emerging markets and frontier markets exchange traded funds (ETFs). ETFs have an embedded cost of approximately 58 basis points versus 100 basis points for management fees by external investment managers. The 42 point difference represents a potential savings to the State by using an in-house investment officer in making the asset allocation decisions.												
Component Totals		-850.0	0.0	0.0	-850.0	0.0	0.0	0.0	0.0	0	0	0

## Change Record Detail With Description

### Department of Revenue

**Scenario:** FY2010 Supplemental (7955)  
**Component:** Permanent Fund Dividend Division (981)  
**RDU:** Taxation and Treasury (510)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Additional Postage and Printing Costs for PFD Mailings												
	Suppl	94.1	0.0	0.0	94.1	0.0	0.0	0.0	0.0	0	0	0
1050 PFD Fund		94.1										
The Permanent Fund Dividend Division is requesting \$94.1 in one-time, supplemental funding to cover additional postage and printing costs for PFD mailings. With 75% of PFD applicants filing on-line applications, the Permanent Fund Dividend Division is making changes to the way that the dividend application is distributed to the public. In the long-term, the division will be able to mitigate the steady increase of postage costs by eliminating the mail-out of the application booklet to every household in Alaska. During this transitional year, however, the division has encountered the need for additional public notification and outreach about the changes that had not initially been anticipated. Postage and printing costs related to this effort will total \$76.9. An additional \$17.2 in postage is needed due to changes in federal regulations that increased costs in excess of what the division had planned for.												
If supplemental funding isn't received, the division will need to eliminate seasonal staff immediately, leaving the division without mailroom staff and keyers during the application season. The division's work flow is entirely dependent upon mail being processed and imaged timely. The public will wait longer to find out if the division has received their information, which causes multiple contacts by applicants. The increased effort to respond to the public will be directly offset by the increased number of cases that will not be paid timely in 2010, and moreover, that will remain unresolved as the new dividend year of 2011 commences.												
Component Totals		94.1	0.0	0.0	94.1	0.0	0.0	0.0	0.0	0	0	0

## Change Record Detail With Description

### Department of Revenue

**Scenario:** FY2010 Supplemental (7955)  
**Component:** Child Support Services Division (111)  
**RDU:** Child Support Services (41)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Replace State Funding with Federal Incentive Receipts												
	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1016 Fed Incent		217.7										
1156 Rcpt Svcs		-217.7										
The Child Support Services Division (CSSD) is requesting a fund change from receipt supported services (RSS) authority to federal incentive receipt authority. This is a one time fund change request and has no effect on future fiscal years.												
CSSD earned additional federal incentive receipts in FFY2008 for meeting or exceeding federal performance standards, however due to the complexity of the federal incentive system and the amount of time required by the federal government to audit, validate and compute the incentives, the amount of incentive money the state will receive is not known until a year or more after the incentive statistics have been submitted to the federal government. The division received notification on December 17, 2009 that additional FFY08 incentive dollars had been earned. This budget adjustment was finalized after the last Legislative Budget and Audit meeting deadline had passed.												
Federal incentive dollars can be used as the required 34% match to federal dollars, which results in less state funds used to operate and maintain the child support program.												
Component Totals		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

## Change Record Detail With Description

### Department of Revenue

**Scenario:** FY2010 Supplemental (7955)  
**Component:** Administrative Services (125)  
**RDU:** Administration and Support (50)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	PFT	Positions PPT	NP
Server Security, Disaster Recovery Planning and IT Support												
	Suppl	100.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		100.0										
The Department of Revenue maintains significant server and database infrastructures in Juneau to support critical programs that serve state agencies and the residents of Alaska. These programs include the Permanent Fund Dividend Division, the Tax Division, and the State Treasury Division. These systems use Microsoft Windows Server, SQL production and test databases VMware, and two NetApp storage filers in Juneau and Anchorage. In order for the department to provide the appropriate level of reliability and operational support, these systems need best practices defined and implemented for security, change control, documentation, backups, disaster recovery and planning.												
This request is to fund the following two contracts:												
Disaster Recovery and Security Procedures Backup Support - \$70.0 Contract staff will provide technical support to improve performance by department staff in performing and developing best practices and procedures, testing and installation, and to assure security is sufficient for business needs. Contract deliverables will include written recommendations and development of a disaster recovery plan, documentation standards for infrastructure, policies and procedures for production and test environments, and recommendations for technical training of department IT staff.												
Windows Server, SQL Server, and Help Desk Support - \$30.0 Onsite technicians will provide support and perform tasks as needed due to staff shortage, skill deficiencies, and work demand including server and software installation; updates, patches and server reboots; review of system set up with DP managers to make sure systems are accessible according to business needs; assist with backlog of projects and help desk tickets; documentation of work completed, and training of department staff.												
Emergency Computer Server Support												
	Suppl	60.1	0.0	0.0	60.1	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		60.1										
The Department of Revenue's servers crashed on 9/20/2009, affecting the Permanent Fund Dividend Application Information System (DAIS), the Tax Division's systems, and State Treasury systems. The need to bring all systems back online was critical. As a result, the department entered into an emergency agreement with Microsoft to provide problem resolution services and assist in bringing the systems back online.												
The Microsoft Premier Agreement has provided the Department of Revenue with priority assistance and onsite service that was necessary in September and again in December. The agreement lasts for one year from signing and the department has used Microsoft services regularly since the agreement was signed. Services include:												
<ul style="list-style-type: none"><li>• Trouble-shoot, diagnose, and correct IT problems</li><li>• Provide ongoing support</li><li>• Review IT plans and provide recommendations to the Department of Revenue</li></ul>												
Component Totals		160.1	0.0	0.0	160.1	0.0	0.0	0.0	0.0	0	0	0

**Change Record Detail With Description**  
**Department of Revenue**

**Scenario:** FY2010 Supplemental (7955)  
**Component:** Administrative Services (125)  
**RDU:** Administration and Support (50)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP